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INTELLIGENCE REPORT

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COUNTRY Germany (Russian Zone)

SUBJECT Tendency Towards Socialization
of Industries in the Russian Zone

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SUPPLEMENT

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1. It is expected that increasing numbers of employees of privately owned industries in the Russian zone will demand the transfer of the factories in which they work to state ownership. The following arguments in favor of the change are to be presented to the factory employees by trade union officials:
 - a. state-owned factories are better provided with raw materials and fuels and are therefore more likely to afford full-time employment than privately owned industries;
 - b. until SMA Order Number 234 was issued, private industries were able to purchase directly from the farms surplus food stocks to be used as special rations for their workers. Order 234, in forbidding the exchange of industrial goods for foods, eliminated this advantage, but made provision for free lunches for workers in essential industries. Since all workers included in this category cannot be fed because of limited supplies, preference is given employees of state-owned enterprises.
2. The industries located in the eastern sector of Berlin which are held in trust and were heretofore administered individually by a central office of the Russian city Komendatura are to be consolidated into a single corporation controlled by the same Komendatura office. The move was necessitated by the fact that no special fund existed to cover deficits in those of the industries which operated at a loss, and is calculated to make profits earned by other industries in the corporation available for this purpose.

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NO CHANGE in Class.

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